108TH CONGRESS
2d Session

HOUSE OF REPRESENTATIVES

REPORT
108–612

SODA ASH ROYALTY REDUCTION ACT OF 2004

JULY 19, 2004.—Committed to the Committee of the Whole House on the State of the Union and ordered to be printed

Mr. POMBO, from the Committee on Resources, submitted the following

R E P O R T

[To accompany H.R. 4625]

The Committee on Resources, to whom was referred the bill (H.R. 4625) to reduce temporarily the royalty required to be paid for sodium produced on Federal lands, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE OF THE BILL

The purpose of H.R. 4625 is to reduce temporarily the royalty required to be paid for sodium produced on Federal lands, and for other purposes.

BACKGROUND AND NEED FOR LEGISLATION

The U.S. soda ash (sodium carbonate) industry, which until recently was the largest in the world, is comprised of four companies in Wyoming, one company in California and one company in Colorado. Wyoming supplies about 90 percent of the Nation's soda ash. Glass-making consumes about half of soda ash output, followed by the chemical industry, which uses about a quarter of the output. Other uses include soap, paper manufacturing, and water treatment.

The total estimated value of domestic soda ash produced in 2003 was $800 million. The U.S. has traditionally exported natural soda ash derived from trona. The Wyoming trona industry employs about 2,500 mine and processing plant workers. The U.S. soda ash industry pays about $100 million in taxes to federal, state and local governments. Current challenges to the industry include a slump in export demand due to new competition for the export market, particularly from synthetic soda ash from China which is highly

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subsidized by the Chinese government and not subject to the same environmental regulations as the domestic industry.

In 1996, the Department of the Interior increased the royalty rate on sodium compounds and related products from 5 percent to 6 percent for renewed leases and 5 percent to 8 percent for new leases. This increase was in addition to other significant federal lease costs such as bonds, acreage rental fees, sodium prospecting permit application fees, and permit bonds. Since the increase in the royalty rate, over 700 jobs have been lost in the domestic industry. Reducing the royalty rate on sodium compounds and related products produced on federal land will provide relief to the domestic industry, allowing it to remain competitive, to increase exports in emerging world markets, and to create new jobs in the United States.

H.R. 4625 will temporarily reduce the royalty rate on sodium to 2 percent for five years.

COMMITTEE ACTION

H.R. 4625 was introduced on June 21, 2004, by Congresswoman Barbara Cubin (R–WY). The bill was referred to the Committee on Resources, and within the Committee to the Subcommittee on Energy and Mineral Resources. On June 24, 2004, the Subcommittee held a hearing on the bill. On July 14, 2004, the Full Resources Committee met to consider the bill. The Subcommittee on Energy and Mineral Resources was discharged from further consideration of the bill by unanimous consent. No amendments were offered and the bill was ordered favorably reported to the House of Representatives by unanimous consent.

COMMITTEE OVERSIGHT FINDINGS AND RECOMMENDATIONS

Regarding clause 2(b)(1) of rule X and clause 3(c)(1) of rule XIII of the Rules of the House of Representatives, the Committee on Resources' oversight findings and recommendations are reflected in the body of this report. Based on information supplied by the Mineral Management Service, enactment of this bill would result in approximately $5–6 million in foregone royalties per year. Half of these royalties are distributed to the States and the rest are retained by the federal government. Therefore, over the five-year royalty reduction granted by the bill, the total loss to the federal treasury would be approximately $13–15 million. It is possible that the lower royalty rate could result in increased production which might offset this loss, but we have no way to quantify this.

CONSTITUTIONAL AUTHORITY STATEMENT

Article I, section 8 of the Constitution of the United States grants Congress the authority to enact this bill.

COMPLIANCE WITH HOUSE RULE XIII

1. Cost of Legislation. Clause 3(d)(2) of rule XIII of the Rules of the House of Representatives requires an estimate and a comparison by the Committee of the costs which would be incurred in carrying out this bill. Based

2. Congressional Budget Act. As required by clause 3(c)(2) of rule XIII of the Rules of the House of Representatives and section

308(a) of the Congressional Budget Act of 1974, this bill does not contain any new budget authority, spending authority, credit authority, or an increase or decrease in tax expenditures. According to Minerals Management Service data, enactment of this bill would result in foregone royalty receipts of approximately $5 million a year (for a total of $25 million).

3. General Performance Goals and Objectives. This bill does not authorize funding and therefore, clause 3(c)(4) of rule XIII of the Rules of the House of Representatives does not apply.

4. Congressional Budget Office Cost Estimate. Under clause 3(c)(3) of rule XIII of the Rules of the House of Representatives and section 403 of the Congressional Budget Act of 1974, the Committee has requested but not received a cost estimate for this bill from the Director of the Congressional Budget Office.

COMPLIANCE WITH PUBLIC LAW 104–4

This bill contains no unfunded mandates.

PREEMPTION OF STATE, LOCAL OR TRIBAL LAW

This bill is not intended to preempt any State, local or tribal law.

CHANGES IN EXISTING LAW

If enacted, this bill would make no changes in existing law.

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